Motion No. 496 is "To point out the necessity of holding more sessions of the Legislative Bodies and thereby prevent the congestion of Legislative business on the agenda." That again is entirely a matter for the President to decide.

Thus we see that these cut motions have all been tabled with the intention eventually from the movers' point of view in some form or other to criticise the action of the Government which they imagine in any way interferes with the free transaction of the business in the House. I will reiterate that these matters ought to have been discussed under General Administration Demand and not under a special demand. This is a special demand for a sum of Rs. 55,000 for the purpose of carrying on the Legislature and nothing more than that. Therefore there remains nothing more under this grant except to put it to the House.

The following motions were therefore not moved as they were inadmissible :—

MR. E. V. KRISHNA PILLAI :

492. To reduce the total allotment of Rs. 55,000 under Demand V by Re. 1.

MR. POTTAYIL S. KRISHNA PANICKAR :

493. To reduce the total allotment of Rs. 55,000 under Demand V by Re. 1.

MR. N E. VARUGHESE :

494. To reduce the total allotment of Rs. 55,000 under Demand V by Re. 1.

MR. N. E. VARUGHESE :

495. To reduce the total allotment of Rs. 55,000 under Demand V by Re. 1.

MR. PACODE A. NARAYANA PILLAI :

496. To reduce the total allotm nt of Rs. 55,000 under Demand V by Re. 1.

Demand No. V—General Administration—Legislative bodies for Rs. 55,000 was put to the vote of the House and carried.

The Demand was passed and the grant was made.

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## DEMAND VI—GENERAL ADMINISTRATION—ACCOUNT OFFICE.

**MR. C. S. KRISHNASWAMI AIYAR** (*Ag. Financial Secretary to Government*) : Sir, I move for a grant not exceeding Rs. 1,84,981 under Demand VI—General Administration—Account Office.

**Motion No. 497.**

**MR. K. SANKARAN** (*Kartikapalli I*) : Sir, I move:—

"*To reduce the allotment of Rs. 3,000 for Inspector of Municipal Accounts, by Re. 1.*"

The object of my motion is to point out that Municipal accounts are not satisfactorily inspected and that several cases of misappropriations are not found out. Municipalities in the State are a sort of self-governing institutions managed by non-officials in the State. As distinct from the Government institutions, these Municipalities are subject to a good deal of handicap. In the case of Government institutions, they

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[Mr. K. Sankaran.]

are being scrutinised by full-time officers and for every legitimate work there are several hands in those departments. But in the case of Municipalities, except in very rare instances, they are administered by non-official gentlemen. These non-official gentlemen cannot be expected to devote their full time to the administrative working of these Municipalities. No doubt, as in the case of Government institutions, these Municipalities are also collecting a good lot of money and expending them. In the matter of collection and expending of public money, there has been a lot of complaint. Even in the case of Government institutions, instances are not rare where Government money has been misappropriated by officers who are handling such money and several instances have been brought to the notice of the public and the Government. The head of the institution may not be responsible for the disappearance of the public money, but the accountant or the clerk, who is primarily the custodian of this money, may in some way or other manipulate the accounts and misappropriate money. Even though there are regular inpections of these institutions and checking of accounts, there are several instances in which Government moneys have been misappropriated by individuals, which have been un-noticed for several years and it is after many such repetitions that once in a way one individual is caught. Probably, in several misappropriation cases, that particular man who is caught may not be responsible for the whole amount that has been misappropriated. Most of the money may have been misappropriated by his predecessors and they might have been fortunate enough not to be found out. Ultimately, when one individual is caught, the whole blame is placed upon him, and in some cases his services are dispensed with; and in some other cases, he is taken to a court of law.

**MR. N. ABDUR RAHIMAN SAHIB** (*Nominated*): What about the premier Municipality where there are official Presidents?

**MR. K. SANKARAN** (*Kartikapalli I*): Even in the case of Municipalities where there is an official President, the matters may not be very much in a better state than in other Municipalities. That is my own impression.

**MR. N. ABDUR RAHIMAN SAHIB** (*Nominated*): Is the member of opinion that there are defalcations in the Municipality presided by an official President?

**MR. K. SANKARAN** (*Kartikapalli I*): I am not aware of any particular case of defalcation in a Municipality presided over by an official President. But even in the Municipalities which are governed by official Presidents, my own personal impression is that the administration of such Municipalities is not at a far superior level than the other Municipalities administered by non-official gentlemen.

What I say is that, whenever a particular individual is found out to have been responsible for misappropriation of public money, he is taken to a court of law and held answerable for all commissions and omissions

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that have been committed by his predecessors. This state of affairs is mainly due to the lack of immediate and satisfactory inspection and audit by the officers responsible for such work. If that be the state of affairs in Government institutions, much more should be the case in institutions which are governed by non-official gentlemen. In the case of Municipalities, the non-official Presidents may not be able to devote their full attention to every detail in the working of the institution. They are, at any rate, expected to guide the policy of the Municipality and devote their attention to the broad principles of the administration of the Municipality. The question of collection of the amounts due to the Municipalities and how they are to be disbursed are to be done by officers who are to inspect and audit the accounts. If the Government officers who have been responsible for such kind of work have been doing their work satisfactorily, cases of defalcation and misappropriation could then and there have been found out and the person responsible brought to book immediately. If prompt action is not taken, much public money is wasted. Even though one or two persons are caught for mis-appropriation, that does not mean that the money has been recovered. My experience has been that, in no case where misappropriation has been found out, the money has been recovered. Once the money is gone, it is gone once and for ever. That should not be allowed and the responsibility should not be foisted on the head of the institution because he cannot be expected to go into every detail of the accounts. The inspection and audit must rest upon the person entrusted with the work and the administrative work should rest with the head of the Municipality. There is temptation to which the lower officers are subject to in the case of Municipalities. For instance, a lot of money is collected by petty officers, clerks or accountants who are expected to remit the amount at fixed intervals in Government treasuries and to account for the money. But in no case proper accounting is done. They are allowed to keep the amount with them for some little time and the effect is that they are subject to some sort of temptation, not exactly of misappropriating these sums but of diverting them for their personal use with the hope that they will be able to pay back the amount when the demand is made. But when the demand is made, in almost all cases they are not able to pay and ultimately the amount is not recovered. Somehow he tries to shield himself that he has not taken the amount and ultimately he may shift the blame on to some other person who may take charge of his work. The subsequent person who takes charge may honestly believe that all the accounts are quite right and he goes on with his work. But some time later, the Account Officer or the Inspector finds out defalcation and then the whole blame is foisted on him. At fixed intervals, if inspection is carefully done by the officers concerned and accounting is done properly, such kinds of misappropriation could not take place repeatedly. So it is to bring home this point that I move this cut motion so that at least hereafter the Inspectors who are responsible for the inspection and audit of Municipal accounts may bestow greater attention to this kind of work so that at least hereafter misappropriation of public money may not take place.

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**PRESIDENT**: This motion and the next can go together. I will ask Mr. Padmanabhan to speak.

**MR. T. K. VELU PILLAI** (*Trivandrum Urban*): One question. Are Municipal accounts being audited by any independent agency?

**MR. K. SANKARAN** (*Kartikapalli I*) My impression is the Account Office people go periodically once in a year and inspect and audit the accounts.

**MR. K. PADMANABHAN** (*Chirayinkil I*): Sir, I have very great pleasure in supporting the motion before the House. In almost all the Municipalities of the State, there are various complaints; and with regard to the Attingal Municipality, during the last Session, several questions were asked in this House as to why a non-official President has not been given to that Municipality; and the answer which we have been able to elicit from the Government was that, during the time a non-official President was functioning there, several dafalcations or other troubles akin to that occurred and therefore the system of allowing a non-official President has been dispensed with and an official President has been appointed. Even after the official President has assumed charge and even after he has presided over that Municipality for a number of years, we understand that the troubles have not been cleared as yet. The misappropriation of Municipal funds could very well be checked by a regular system of auditing of Municipal accounts. That the present method of auditing is not satisfactory is clearly borne out. With a view to improve the system of inspection of Municipal accounts, better methods should be provided for. With these words, I support the motion.

**MR. S. J. NAIR** (*Nedumangad*): Sir, I oppose the motion. As honourable members pointed out, there are various cases of defalcation or misappropriation in Municipalities and in various other departments. The remedy they suggest is to see that Re. 1 in the allotment for the Inspector of Municipal accounts is reduced. That I suggest is not at all correct. The reason for defalcation—

**MR. K. SANKARAN** (*Kartikapalli I*): Has anybody suggested that the remedy is to reduce Re. 1 in the allotment?

**MR. S. J. NAIR** (*Nedumangad*): The way in which Municipal accounts or accounts of other departments ought to be looked into, checked and corrected is not the way in which my friend has suggested. The remedy lies elsewhere. That is the view I hold, and I shall presently try to substantiate my view.

With regard to the Account Officer's function, he exercises the functions of the Financial Secretary and the Account Officer and he is also the Chief Auditor in the State. What I suggest is that the duties of the Financial Secretary and the Account Officer may be combined together and that the post of a Chief Auditor as the Auditor-General be created. There must be an independent auditing of the State Departments. Unless and until that independent auditing is brought into effect, we cannot expect a better state of affairs. The officer who is to be appointed as the head of the audit staff, I mean the Auditor-General

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or Chief Auditor or by whatever name he may be called, must be an independent officer, independent of the Account Officer as well as the Financial Secretary. The offices of the Financial Secretary and the Account Officer must be put together.

**MR. R. RAMAN PILLAI** (*Changanachery* cum *Peermade II*) : May I know whether that officer should be independent of the Government ?

**MR. S. J. NAIR** (*Nedumangad*) : No, he should be independent of the Account Officer.

Unless such a change is effected in the existing system of accounting and auditing, defalcations and misappropriations would continue in the State. With these words, I oppose the motion.

**MR. K. KUNJUKRISHNA PILLAI** (*Quilon I*) : I have very great pleasure in supporting the suggestion made by Mr. S. J. Nair with regard to the creation of an independent agency for audit. Sir, the Public Accounts Committee's work can be properly and efficiently done only if there is an officer like the Auditor General in British India. Sir, while I am of opinion that it is necessary to have the Financial Secretary's functions separated from the Account Office, I consider the existence of an independent auditing agency to be even more urgent; and I think it needs no argument to be convinced, but the only difficulty of Government may be with regard to finance. I am sure the Government will be convinced of the necessity of having and the usefulness of having an independent Auditor-General. I think the general accounting and the general expending in the various offices under Government will be more properly done and Government money will be more secure if we have a proper auditing authority for the State. And it would be easy for this House to exercise its control over the various spending departments if we have the guidance of an Auditor-General. Sir, I do not think that money spent on such an officer will be a waste; but it would be a very necessary thing and, in my opinion, I think, the creation of the Auditor-General's place is more urgent than an independent Financial Secretary, however necessary he may be and however laudable that reform may be. With these words, I have very great pleasure in supporting the suggestion of Mr. S. J. Nair.

**MR. C. S. KRISHNASWAMI AIYAR** (*Ag. Financial Secretary to Government*): Sir, the motion before the House is for a token cut of Re. 1 in regard to the allotment of Rs, 3,000 made for the Inspector of Municipal Accounts. I shall confine my remarks now to the audit of the Municipal accounts, leaving out for the present the general questions as to whether there should be a separate Auditor-General or a separate Financial Secretary in the State. Those points may be considered later.

**MR. A. THANU PILLAI** (*Trivandrum-Rural*) : By the expression "Inspector of Municipal Accounts" does the Financial Secretary mean "Auditor of Municipal Accounts"?

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MR. C. S. KRISHNASWAMI AIYAR (*Ag. Financial Secretary to Government*) : Yes. The term Inspector of Municipalities for whom provision has been made in the budget is the name recently given to the Senior Superintendent of the Account Office who had been conducting local audit of Municipalities till 1111. Prior to 1104, there was no separate officer confining his attention to Municipal audit only There was a local Audit Officer who was, along with Government institutions, giving his attention to Municipal Audit also. In 1104, it was considered necessary, in the interests of these local bodies which had not been keeping proper accounts at all, that a separate officer must be appointed, to whom the whole work of auditing Municipalities may be entrusted.

It was the Senior Superintendent of the Account Office who was conducting local audit of municipal accounts that is called the Inspector now. He is given a special staff for the purpose. His business is to take up, during a year, the complete audit of the previous year's transactions of each Municipality. He will have to go round throughout the State and complete within each year the audit of the previous year's transactions of all the Municipalities in the State. The results of such audit are being incorporated year by year in a report. That is being done from 1103 onwards. The report is called the Review on the Audit of the Accounts of the Municipalities. Such reviews are printed from year to year and circulated to the Municipalities as also to the Departmental Officers concerned. About 40 or 50 copies of it are printed for the purpose. Unfortunately copies of the Review are not being placed in the Press Room or in the Legislative Library. Therefore honourable members may not be aware of the work that is being done in this direction. I may say that the Audit Department is now bestowing as much attention on local outside audit as on central audit.

Coming to central audit, as distinct from local audit, in regard to these Municipalities, as in other cases also, the expenditure is audited at the Head Office only. Payments are made by the several Municipalities. The vouchers come up to the Head Office and are subjected to audit there. What the Inspector of Municipal Accounts is doing therefore is chiefly to audit Municipal receipts to which alone Government consider it necessary to devote greater attention locally in respect to these local bodies. It is the collection of Municipal rates and taxes that is being subjected to a scrutiny by the Inspector of Municipal Accounts. Ordinarily, he has been able to complete the audit of the receipts of all the Municipalities within the year in which he takes it up. I may also say that this audit is being conducted as well as it can ever be. The Review that I referred to will show that. First, we deal with defalcations. Every year about seven to fifteen cases of defalcation are being detected. There were sixteen cases in 106, seven in 1107, and eight in 1108. Sir, because I say that this work is being done as well as it can ever be, I must not be understood to suggest that it has reached perfection and cannot be improved upon. There is one defect which I can immediately point out, namely, that the audit is belated. Even after the year closes, the Municipalities are not ready

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with their accounts properly written up and with their D. C. B. statements. As a matter of fact, the auditing staff often had to postpone their work merely because the Municipalities had not written up their accounts.

**MR. M. SIVATANU PILLI** (*Tovala*): May I know from the member whether he can give us any instance where the audit had to be postponed because the D. C. B. statements were not ready ?

**MR. C. S. KRISHNASWAMI AIYAR** (*Ag. Financial Secretary to Government*): I remember, when I myself went out for this audit, in Shencotta and in Vaikam, for instance, we had to postpone the audit, since the Municipalities were not ready with the accounts and D. C. B. statements.

**MR. M. SIVATANU PILLAI** (*Tovala*): May I know whether the member has enquired into the question as to why there was this delay on the part of the Municipalities in getting their accounts and D. C. B. statements ready ?

**MR. C. S. KRISHNASWAMI AIYAR** (*Ag. Financial Secretary to Government*): The Municipal staff is responsible for that. I am glad that this audit at least makes it obligatory on them to write up their accounts properly. I wish to draw the attention of the members to the several Reviews of the Municipal audit which I have already referred to. The Reviews contain full particulars about the audit results of the whole year and enumerate in detail the various defects found in the accounts of the several Municipalities.

In regard to expenditure audit, as I said, it is conducted in the central office. In this matter also, although we have been doing all that is possible we have not gone to the extent to which we can go. The objections raised take a long time in clearing. The state of these objections is referred to also in the Reviews. As regards changes proposed or in contemplation in regard to Municipal Audit, I may read to the House certain portions in the last year's Review on the Audit of the Accounts of the Municipalities.

"The object of the audit of the accounts of Municipal Councils should be to see whether all the revenue due to the Municipality during a particular period has been properly assessed and duly collected and credited in the accounts and whether the expenditure incurred is under proper authority, economical and in furtherance of the civic amenities of the Municipal taxpayer. This object can be achieved only if the accounts of the Municipal Councils, both revenue and expenditure, are audited as a whole and not in compartments as is now being done. Such audit should also be done concurrently with the transactions or soon after them." * * * * *

Certain proposals have therefore been made there for such concurrent audit being conducted hereafter here. The Government are now considering them.



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[Mr. C. S. Krishnaswami Aiyar.]

In the Punjab, a system of concurrent audit is being tried and reported to be successful. Such an audit is very necessary and may be introduced in the Trivandrum town here to start with. An auditor should be engaged all the year round so that he may go into the accounts carefully from day to day and remedy the defects then and there. The changes are being considered; and sooner or later orders may be passed to place the Municipal auditing here on a better footing than at present. The District Municipalities Bill and the Trivandrum City Municipal Bill are already being considered by Government. Our present Municipal Regulation is defective in some respects. There is no provision in it for surcharge and disallowances. Government cannot therefore enforce responsibility for overpayments on non-official members of Municipalities. The new Bills have made provision for these as well as for a proper audit of Municipal transactions. At present we can reduce defalcations only by inflicting deterrent punishments on the Municipal staff. I must also say that the present staff in our Municipalities is not well-equipped for proper accounting. Even last year, in the Review that I have already referred to, the following proposal was made for a chief executive officer for each Municipality.

"Each Municipal Council should have a chief officer of sufficient status, educational qualification and general outlook who should be able to move freely with the Councillors and whose opinion and advice on Municipal matters should have some weight with them. He may be styled, Manager Secretary or Chief Executive Officer" * *

There must be some such officer who will be responsible for the irregularities that arise from time to time. Such an officer is necessary especially in Municipalities where the Presidents are non-officials. This proposal also is being considered by Government.

Another point which I wanted to refer to in this connection is this. We have drafted already a Municipal Account Code. When that is ready and when the changes proposed in the Reviews of the Audit are given effect to, especially after the two new Bills become law, I am sure our Municipal audit will be as good as it is in any other place.

**MR. N. ABDUR RAHIMAN SAHIB** (*Nominated*): May I ask whether the separation of the Accounts from Finance will be conducive to proper auditing?

**MR. C. S. KRISHNASWAMI AIYAR** (*Ag. Financial Secretary to Government*): That is another matter about which I hope I will have to give my views later on under another motion. It is a broad enough question to be dealt with separately later.

**MR. K. SANKARAN** (*Kartikapalli I*): My object is not to knock off one rupee out of the salary of this Auditor of Municipal accounts, but to impress upon the Government the necessity to devise some means by which this inspection of Municipal accounts could be done more efficiently and satisfactorily than at present. I am glad that the Government member has candidly admitted that at present there are

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some defects. Anyhow, since he has assured the House that steps are being taken to remedy these defects, I beg to withdraw the motion with the hope that everything necessary will be done in the near future.

The motion was, by leave, withdrawn.

**Motions Nos. 498 to 501.**

The following motions were not moved :—

MR. K. PADMANABHAN :

498. To reduce the allotment of Rs. 3,000 for Inspectors of Municipal Accounts by Re. 1

MR. K. PADMANABHAN :

499. To omit the allotment of Rs. 1,000 for Special Officer for Budget work.

MR. T. P. VELAYUDHAN PILLAI :

500. To reduce the allotment of Rs. 1,000 for Special Officer for Budget work by Re. 1

MR. T. P. VELAYUDHAN PILLAI :

501. To reduce the allotment of Rs. 12,160 for Higher Grade First Class Auditors by Re. 1

**Motions Nos 502 to 505.**

The following motions were declared inadmissible : -

MR. K. SANKARAN :

502. To omit the allotment of Rs. 400 for temporary clerks and typist

MR. K. SANKARAN :

503 To omit the allotment of Rs. 400 for temporary clerks and typist.

MR. K. PADMANABHAN ;

504 To omit the allotment of Rs. 400 for temporary clerks and typist

MR. PACODE A. NARAYANA PILLAI :

505. To omit the allotment of Rs. 400 for temporary clerks and typist.

**Motion No. 506.**

The following motion was not made :

MR. A. S. DAMODARAN ASAN :

506. To reduce the allotment of Rs. 1,14,781 for establishment by Re. 400.

The Assembly adjourned for lunch at 1 P. M. and reassembled at 2 P. M., the Deputy President, presiding.

**Motion No. 507.**

The following motion was declared out of order

MR. K. PADMANABHAN :

507. To reduce the allotment of Rs. 1,14,781 for establishment by Re. 1.

**Motions Nos. 508 to 512.**

The following motions were not moved ;—

MR. N. JOHN JOSEPH :

508. To reduce the allotment of Rs. 1,14,781 for Establishment by Re. 1.

MR. T. T. KESAVAN SASTRI :

509. To reduce the allotment of Rs. 1,14,781 for establishment by Re. 1.

MR. S. NILAKANTA PILLAI :

510. To reduce the allotment of Rs. 1,14,781 for establishment by Re. 1

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MR. K. PADMANABHAN:

511. To reduce the allotment of Rs 1,14,781 for establishment by Re. 1.

MR. N. K, KRISHNA PILLAI:

512. To omit the allotment of Rs. 15,000 as lump provision for the organisation of a separate Financial Secretariat.

**Motion No. 513.**

**MR. A. THANU PILLAI** (*Trivandrum—Rural*): Sir, I beg to make the following motion:

*To reduce the allotment of Rs. 15,000, the lump provision for the organisation of a separate Financial Secretary by Re. 1.*

Sir, my object is chiefly to ascertain from the Financial Secretary all possible information connected with the organisation of a separate Financial Secretariat. Apart from the statement that the Financial Secretary is going to be a separate officer from the Account Officer, we have not been told anything as to what the Government are contemplating. I find a lump provision of Rs. 15,000 for this purpose in the budget. How this amount is proposed to be spent, what the pay of the Financial Secretary is going to be, what his status will be, what his staff is going to be, what duties he is to be entrusted with, these are matters on which we should like to get more information. I know, Sir, that it has been urged in this House and in the old Legislative Council by some members that the office of the Financial Secretary should be separated from that of the Account Officer. Strictly, that is a correct position. But, in a State like Travancore, the question is whether a full time officer, a separate Financial Secretary, is required to look after the duties of the Financial Secretary. I have always been thinking, Sir, that, if an officer is entrusted solely with the duties of the Financial Secretary, he will not have full-time work; it will be practically waste of public funds. No doubt, important questions are likely to arise, in the near future when we enter the Federation, in regard to our finances. There is likelihood of our finances being crippled when we enter into the Federation. Further apart from that we are also likely to lose some of our present revenues. How we are going to make good such loss, what new sources of revenue can be tapped without serious hardship to the people, these and various similar questions are likely to arise in the near future. Certainly therefore the Financial Secretary will have more work hereafter than hitherto. Even apart from our entering into the Federation, our revenues are falling. We must certainly find out ways and means to make up. In so doing we have to be very careful. Then again, in regard to the distribution of our available funds, in the framing of our budget, much change is desirable. At present there are various demands that are starved while there are various others on which amounts are lavishly spent. I do not know if the Government really mean to appoint an officer who would be able to tackle these problems carefully and profitably, one who will be in a position to impress the Government of the wisdom of his proposals, one whose words would weigh with the Government. To me it appears, Sir, that the whole

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scheme will be a thorough failure if an officer of inferior rank is appointed. For example, if the Financial Secretary is going to be only of the status of an ordinary Secretary to Government, I am afraid, the scheme will end in complete failure. So far as I know, Sir, I am not aware even of the existence now in our service of many officers who can do justice to this kind of work. If the scheme is to be a success at all, the officer should be one of great experience and knowledge, one whose words will carry weight with the Government.

As I said, Sir, I see a lump provision of Rs. 15,000. Since there is even now a staff attached to the Financial Secretariat, I presume that the major portion of this amount will go towards the pay of the officer. Sir, I do not grudge the officer being paid decently; because otherwise the separation will end in failure.

There is another aspect of the question, which has already been referred to by Mr. Kunjukrishna Pillai, namely, the separation of the audit from the accounts work. Now I do not know whether the Government contemplates the combination of the Financial Secretary and the Chief Audit Officer in one and the same individual. The Financial Secretary will certainly have to be entrusted also with some work other than his duty as Financial Secretary. What arrangements Government are going to make remains to be seen.

As I said at the outset, Sir, my object in moving this motion is to elicit information on this matter. I also hope that the observations that I have now made will be borne in mind by Government when they make the appointment and other arrangements in this matter.

**MR. R. SAMBASIVA AIYAR** (*Kunnatnad II*): Sir, I rise to support the motion. I too have sent up a similar motion, No. 514. Mr. Thanu Pillai has covered almost all the points that I wanted to submit before this House in regard to this question. We desire to know what are the duties of the Financial Secretary, what is going to be his salary, how many clerks he is going to have, what are the defects in the present system, how are they to be remedied by the appointment of a full-time Financial Secretary, why the Government have taken up this question just now, why did they not do it earlier and why they did not postpone it. We expect that the Government would give us detailed information on all these points.

**DEPUTY PRESIDENT** I think it will be good if the official member makes a statement at this stage.

**MR. C. S. KRISHNASWAMI AIYAR** (*Ag. Financial Secretary to Government*): Sir, I have indicated in a way in my Budget speech the object of this provision of Rs. 15,000 in the budget for 1111. That the Account Department of the State requires some reform, and that immediately, is a position to which few people will take exception. It is now nearly 30 years since the new system of accounts has been introduced in Travancore. For about 12 years since then, whatever attention was bestowed on account reform here was confined only to the Account Department proper at the headquarters and to the Treasuries,

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[Mr. C. S. Krishnaswami Aiyar.]

the Accounting Units. Sir, there have been several schemes for bringing the financial transactions of the several executive and administrative departments of Government under the effective control of the new Account Department and for the organisation of a separate Financial Secretariat of Government. For some reason or other, the new Account Department had not so far been able to assert itself against the Heads of Departments and the Administrative Secretariat in regard to the changes that were in contemplation and were recommended by the Financial Adviser at first or subsequently by the Special Account Officer who was requisitioned here later once or twice. Somehow, it has not so far been possible to give effect to the changes that were proposed. Before going into the details as to the several functions of the new Financial Department of the Government, proposed to be formed and to the functions that could be assigned to the Account or Audit Department thereafter, the question whether Audit and Accounts should be combined or should be kept separate, the question of inter-connection, if any, between this Finance Department of Government on the one hand and the Accounts or Audit Department on the other, all these matters have to be looked into. Every student of finance may have his opinion for or against the separation of Audit and Accounts, as such. Sir, according to me, whether these two functions should be kept combined or separate can be a question of expediency only. Whether finance and accounts should be combined on the one hand, audit being separate, or Accounts and Audit should be combined, Finance being kept separate, will depend on the administrative machinery functioning in a particular State. I do not propose to go into the merits of that academic question now.

So far as we are concerned, Sir, with the introduction of the recent Legislative Reforms and the creation of two Chambers, the work of the Account and Audit Officer is taken up much by his Governmental or secretariat work, so much so it has become impossible for the combined officer to do justice to his secretariat work as well as to his proper work of Account and Audit so that both suffer now. So far as our State is concerned, these are my views. The duties of a Finance Member or a Financial Secretary, whatever you may call him (he is called a Finance Member if he lays down financial policies; he is called a Financial Secretary if he is expected merely to carry out the policies laid down by the Finance Member) are as follows:

He should be concerned not merely with the framing of the estimates as at present but also in the execution thereof. Every proposal involving any financial commitment should be referred to him first and his concurrence thereto obtained. His veto should prevail over every administrative department of Government, unless he is specifically overruled. These duties are not now performed by the combined Account and Audit Officer and Financial Secretary.

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My view is, with the Dewan as the Head of the Administration here, there should be a separase Financial Secretary as his Assistant in the Financial Branch, just as the Chief Secretary is his assissant in regard to the several administrative branches. The position of the two under the Dewan in just like the wheels of a clock—the minute and the hour hands—while the administrative Secretariat, presided over by the Chief Secretary, would bring in schemes for incurring expenditure in furtherance of the aims of each department under him, the Financial Secretary's function will be to raise the necessary revenue, if he can, or otherwise, keep the expenditure within the revenue, in other words to cut the coat according to the cloth. Whether we should budget for expenditure first and raise adequate revenue to meet the same or, whether we should budget for such expenditure only as our revenue would warrant, would depend only upon the latitude we ourselves have in respect of taxation and other things. So the function of the Financial Secretary or Finance Member, whatever might be his designation in future, will be to keep the administrative departments in check, in regard to their expenditure, keeping them in check with reference to the money that is available, as a whole, or placed at their disposal, specifically. Whatever the position of the Financial Secretary or the Chief Secretary might be, they are both assistants only to the Dewan here and all financial policy or control must originate hereafter from, or appertain to, the Financial Secretary only. I am now coming to the Account Reforms instituted 30 years ago.

**DEPUTY PRESIDENT**: I want just to bring to the notice of Mr. Krishnaswami Aiyar that he has got only 7 or 8 minutes more. I am prepared to allow a litte more time if necessary.

**RAO SAHIB S. PARAMESVARA AIYAR** (*Nominated*): May I suggest to the Government member that an answer may be given to the questions asked by Mr. Thanu Pillai?

**MR. C. S. KRISHNASWAMY AIYAR** (*Ag. Financial Secretary to Government*): I am prepared to do it. What is the question of Mr. Thanu Pillai?

**MR. A. THANU PILLAI** (*Trivandrum—Rural*): I must know all about the proposals regarding the appointment of the Financial Secretary.

**MR. C. S. KRISHNASWAMI AIYAR** (*Ag. Financial Secretary to Government*): It may thus be clear that some reform has become urgent and that reform should take the form of the separation of the Financial Secretariat from the Account and Audit Office. Of course, as it is in Madras and British India, the Account and Audit functions may be combined here for the present.

**MR. A. THANU PILLAI** (*Trivandrum-Rural*): Has he to be a full-time Financial Secretary or has he other business in addition?

**MR. C. S. KRISHNASWAMY AIYAR** (*Ag. Financial Secretary to Government*): That is being considered. The question whether he is to be a full-time Financial Secretary or otherwise is only under consideration. Probably some other departments of Government may advantageously be given to him.

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MR. A. THANU PILLAI (*Trivandrum—Rural*): What is it that is under the contemplation of Government, whether they are going to appoint a full-time or a part-time Financial Secretary?

MR. C. S. KRISHNASWAMY AIYAR (*Ag. Financial Secretary to Government*): The necessity for the change has become rather urgent, and Government are contemplating a change. What exactly is that change cannot be given out now, apart from the separation of the purely Financial branch or the Secretariat work from that of the Account and Audit branch.

MR. A. THANU PILLAI (*Trivandrum—Rural*): Then on what basis is the sum of Rs. 15,000 provided in the budget?

MR. C. S. KRISHNASWAMY AIYAR (*Ag. Financial Secretary to Government*): It is only intended for the separation of the Financial Secretariat from the Accounts and Audit Department; and that change itself implies so many other changes. Even a change in the position of the several departments; what financial or account work can safely remain with them and what such work can be entrusted to the extra, departmental, agency the separate Financial department; all these things will have to be considered.

MR. A. THANU PILLAI (*Trivandrum—Rural*): In that case, may know, how this Rs. 15,000 is proposed to be spent? What will be the pay of the officer?

MR. C. S. KRISHNASWAY AIYAR (*Ag. Financial Secretary to Government*): That is being considered. If the question of a real financial policy as well as a general revenue policy is to devolve on him, an officer of sufficient status and pay may have to be appointed.

MR. A. THANU PILLAI (*Trivandrum—Rural*): May I ask the member to tell me why the scheme was not considered at least in its outline before the allotment was made? Where was the necessity to make a lump sum provision of Rs. 15,000? Why did they not mature the scheme at the outset?

MR. C. S. KRISHNASWAMY AIYAR (*Ag. Financial Secretary to Government*): The outline is already given out, *viz.*, the separation of the several functions in the Financial Department, *viz.*, Audit, Accounts and Finance and keeping them under separate officers as far as possible.

The questions for consideration are whether Audit should be independent and the Accounts and Finance combined or Finance alone kept separate combining the other two functions. In regard to expenditure, the power of veto now rests with the Account Officer only. As the Financial Secretary should be in a position to answer the Houses of Legislature with regard to the allotments made and keep a watch over the progress of expenditure against those allotments, he should also be therefore the Account Officer. If, on the other hand, the accounts and audit should be combined, the Financial Secretary may require other departments to be tacked on to him to make up a full-timed officer. These are yet to be settled.

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MR. A. S. DAMODARAN ASAN (*Mavelikara*): Am I to understand that some of the present duties of the Account Officer are to be transferred to the Financial Secretary?

MR. C. S. KRISHNASWAMI AIYAR (*Ag. Financial Secretary to Government*): Yes.

MR. K. KUNJUKRISHNA PILLAI (*Quilon I*): May I know whether the change now contemplated is to relieve the Account Officer of his duties or because Government think that there are important matters to be considered by a special Financial Secretary?

MR. C. S. KRISHNASWAMY AIYAR (*Ag Financial Secretary to Government*): It is considered urgent only to relieve the present Account Officer of some of his duties; and of course in thinking of that relief, some broader questions of policy also will have to be considered and given effect to.

MR. A. S DAMODARAN ASAN (*Mavelikara*): May I know whether after some of the present duties are transferred, he will have sufficient work as a full-time officer?

MR C. S. KRISHNASWAMI AIYAR (*Ag. Financial Secretary to Government*): Certainly, if the work has to be done as it ought to be. I would urge for a separate Financial Secretary, a separate Account Officer and a separate Audit Officer. if possible. I am quite willing to convince the House there is work for every one of them.

MR. A. S DAMODARAN ASAN (*Mavelikara*): Am I to understand that the present work is not done as it ought to be?

MR. C. S. KRISHNASWAMI AIYAR (*Ag. Financial Secretary to Government*): At present, the work is not done quite as it is possible it might be done. It is now being done only to the extent the present number of officers and staff allowed can do. The difficulty came only after the two Chambers came into existance.

MR. A. THANU PILLAI (*Trivandrum-Rural*): What will be the status of the officer?

MR. C. S. KRISHNASWAMI AIYAR (*Ag. Financial Secretary to Government*): It is under consideration. It has not been exactly settled. It will depend upon the functions that have to be given him. There are, of course, bigger issues also, *viz.*, the relative position of the Finance branch and the Administrative branch.

MR. A. THANU PILLAI (*Trivandrum-Rural*): I want to know about the status of the officer to be appointed; is he to be on the same status as the Account Officer or on a higher status?

MR. C. S. KRISHNASWAMI AIYAR (*Ag. Financial Secretary to Government*): It is under consideration.

MR. A. THANU PILLAI (*Trivandrum-Rural*): May I know whether he would be a local officer or somebody from outside?

MR. C. S. KRISHNASWAMI AIYAR (*Ag. Financial Secretary to Government*): I am not aware, it has not been definitely settled who should be appointed. The separation has been decided, that is all.



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MR. R. SAMBASIVA AIYAR (*Kunnatnad*): Is any other matter settled excepting the question that accounts and finance would be separated, and if so, what is that?

MR. C. S. KRISHNASWAMI AIYAR (*Ag. Financial Secretary to Government*): Nothing else has been definitely settled. That is why the pay and status of the new Financial Secretary cannot be definitely stated. It will depend upon the responsibility Government are going to attach to the present departmental officers and the new extra-departmental officers to be created.

MR. EDAVANATT S. PADMANABHA MENON (*Shertala I*): Are we to understand that, when this decision was made by the Government, there was no concrete proposals before them?

MR. C. S. KRISHNASWAMI AIYAR (*Ag. Financial Secretary to Government*): There are concrete proposals now except it be for the status and pay of the new officer that is not settled.

MR. A. THANU PILLAI (*Trivandrum—Rural*): May I know from the Financial Secretary whether it is the difficulty experienced by the Financial Secretary to attend to the two functions or it is a question of placing the finances of the State on a better foundation altogether, which is it that has necessitated this change?

MR. C. S. KRISHNASWAMI AIYAR (*Ag. Financial Secretary to Government*): I may say it is because it is being felt the present Account Officer cannot do justice to the several duties entrusted to him that a separation is being thought of. That is one point. Another point is the evolving of some new financial policy would seem to be contemplated also.

MR. N. E. VARUGHESE (*Tiruvalla I*): May I know from the member whether there is any written scheme before Government?

MR. C. S. KRISHNASWAMI AIYAR (*Ag. Financial Secretary to Government*): Yes. There are alternative schemes of the outlines of the separation, what the consequential changes will be and all that.

MR. N. E. VARUGHESE (*Tiruvalla I*): May I know who prepared that scheme?

DEPUTY PRESIDENT: That question does not arise.

MR. C. S. KRISHNASWAMI AIYAR (*Ag. Financial Secretary to Government*): As regards the alternative schemes, they have already been before Government for several years.

DEPUTY PRESIDENT: Of course, that question need not be answered.

RAO SAHIB S. PARAMESVARA AIYAR (*Nominated*): Apart from the question of the status of the officer, has the question of the staff been settled?

MR. C. S. KRISHNASWAMI AIYAR (*Ag. Financial Secretary to Government*): Yes. So far as the staff is concerned, it will chiefly be a re-adjustment or a re-arrangement of their present financial duties and some extra staff also.

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**RAO SAHIB S. PARAMESVARA AIYAR** (*Nominated*): The strength of the staff?

**MR. P. K. NARAYANA PILLAI** (*Ambalapuzha I*): Has it been settled? Has the number of staff been settled or only proposed?

**RAO SAHIB S. PARAMESVARA AIYAR** (*Nominated*): He has not answered my question. My question is what is the strength of the staff that is going to be appointed apart from the status of the officer. How many Superintendents, how many clerks, that is my question.

**MR. A. THANU PILLAI** (*Trivandrum-Rural*): Without settling the duties, how can the staff be settled?

**DEPUTY PRESIDENT**: What is the strength of the staff, how many Superintendents are there, these are what they want.

**MR. C. S. KRISHNASWAMI AIYAR** (*Ag. Financial Secretary to Government*): All these details are not definitely laid down. But there may be some addition to the superintending staff. How the sections are to be allotted will depend upon the re-arrangement of functions that may have to be made between the newly constituted officers.

**MR. K. R. ELENKATH** (*Kalkulam I*): If the rank and status of the officer have not been decided upon, may I know what the Financial Secretary means when he observes in his speech, "While it is the duty of the Account Officer to watch the scrupulous observance of the rules and orders of the Government, the Financial Secretary is himself a part of the Government charged with the duty of advising them in the Financial Administration of the State." I want to know their respective powers, position and status.

**MR. CHANGANACHERY K. PARAMESVARAN PILLAI** (*Kunnattur cum Pattanapuram*): When a lump provision of Rs. 15,000 is made, has the Financial Secretary no idea of the salary to be paid to the Financial Secretary?

**MR. C. S. KRISHNASWAMI AIYAR** (*Ag. Financial Secretary to Government*): It is considered that it will be possible to have a separate Financial Secretary, with some additional establishment, within this lump provision of Rs. 15,000.

**MR. CHANGANACHERY K. PARAMESVARAN PILLAI** (*Kunnattur cum Pattanapuram*): May I know whether Government have any idea about the utilisation of this lump sum?

**MR. C. S. KRISHNASWAMI AIYAR** (*Ag. Financial Secretary to Government*): No except that it is intended to meet the cost of the officer and staff to be entertained.

**DEPUTY PRESIDENT**: What the members want to know is the approximate amount that will be paid as salary to the officer.

**MR. C. S. KRISHNASWAMI AIYAR** (*Ag. Financial Secretary to Government*): That is a point which has not yet been settled.

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**MR. PACODE A. NARAYANA PILLAI** (*Vilarankod*): It has been observed by the Financial Secretary that, apart from the idea of separation, the other details have not been settled yet. May I know when these details, important as they are, will be definitely settled ?

**MR. C. S. KRISHNASWAMI AIYAR** (*Ag. Financial Secretary to Government*): As soon as the budget proposals are sanctioned.

**MR. PACODE A. NARAYANA PILLAI** (*Vilavankod*): May I take it that these things will be settled before the beginning of the next financial year ?

**MR. C. S. KRISHNASWAMI AIYAR** (*Ag. Financial Secretary to Government*): They will be settled as soon as the budget session is over.

**MR. PUTHUPALLI S. KRISHNA PILLAI** (*Quilon II*): Have the Government come to a decision with regard to the person to be appointed ?

**MR. C. S. KRISHNASWAMI AIYAR** (*Ag. Financial Secretary to Government*): I have no information.

**MR. KAINIKKARA M PADMANABHA PILLAI** (*Changanacherry I*): Am I to understand from the member that the member has no information or that the Government have no information ? I think the Government must know it.

**MR. C. S. KRISHNASWAMI AIYAR** (*Ag. Financial Secretary to Government*): The officer has not yet been settled.

**DEPUTY PRESIDENT**: The Financial Secretary represents Government in that Department. When a member puts the question as to whether Government are aware of a certain thing, the answer of the Financial Secretary who represents Government must be more definite.

**MR. C. S. KRISHNASWAMI AIYAR** (*Ag. Financial Secretary to Government*): The officer has not yet been settled.

**MR. K. R. ELENKATH** (*Kalkulam I*): When there is no definite scheme before Government, may I know from the member whether he is in a position to assure the House that the allotment of Rs. 15,000 will not be exceeded ?

**MR. C. S. KRISHNASWAMI AIYAR** (*Ag. Financial Secretary to Government*): The reform is expected to be kept within that limit Otherwise Government will have to come before the House for a supplementary grant.

**MR. PUTHUPALLI S. KRISHNA PILLAI** (*Quilon II*): At least may I know if the Government have come to a decision that a retired officer will not be appointed as Financial Secretary ?

**MR. C. S. KRISHNASWAMI AIYAR** (*Ag. Financial Secretary to Government*): The question of who the future officer should be has not yet been settled.

**MR. PUTHUPALLI S. KRISHNA PILLAI** (*Quilon II*): May I know whether the retired officers' class is excluded from this ?

**MR. C. S. KRISHNASWAMI AIYAR** (*Ag. Financial Secretary to Government*): It is not settled.

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**MR. K. KUNJUKRISHNA PILLAI** (*Quilon I*): Sir, from the speech of the Financial Secretary, what I have been able to gather is that the idea is only to create a new officer just to relieve the Account Officer of his multifarious duties. However much we may desire separation of the Finance and Accounts Departments, it must be pointed out that, unless this House is going to be informed that the new departure will benefit the country as a whole, I am afraid that the House will not be justified in allowing this amount. The mover has definitely pointed out what ought to be the functions of the Financial Secretary, if that office ought to be a useful office. The present Financial Secretary is not in a position to say what his functions are going to be. He is not in a position to assure the House that this officer will be of such status or of such standing as to effect real improvements in the financial policy of Government. Without such assurance I do not think it will be fair on the part of Government to ask this House to vote this demand merely by flaunting the very fine idea of separation. Separation of Finance from Accounts, responsibility for the financial policy of Government, these are very good ideas but we want more details. When we go deeper into the question, the Financial Secretary is not in a position to assure us that this office is going to benefit the financial administration of the State.

**MR C. S. KRISHNASWAMI AIYAR** (*Ag. Financial Secretary to Government*): I did not say it is not going to benefit the administration.

**MR. K. KUNJUKRISHNA PILLAI** (*Quilon I*): That is my interpretation. Without the assurance that the appointment of this officer is going to improve the tone and efficiency of the financial administration, and that useful functions are going to be assigned to this officer, this House will not be justified in sanctioning this amount. Sir, that assurance has not been forthcoming. This House will only be too willing to admit the necessity for a separate Financial Secretary. This House had time and again asked for such an officer. For the mere purpose of relieving the Account Officer of some of his cumbrous duties, we would not be willing to sanction this amount. From the financial position, as presented by the Financial Secretary, we can see that a very significant fact has been staring the Government in their face. One thing becomes crystal clear about our financial position. And that is this. Our income is not expanding. And our expenditure is growing every year. Inelastic income and expanding expenditure is the prime feature of our financial position.

**MR. K. GEORGE** (*Land Revenue and Income Tax Commissioner*): Is that not an important reason for separation?

**MR. K. KUNJUKRISHNA PILLAI** (*Quilon I*): Yes. An officer must be appointed who will have the necessary qualification and who will be functioning usefully. Otherwise, there is no meaning in appointing an officer merely to shove on him the duties of the Account Officer.

**DEPUTY PRESIDENT**: Mr. Krishnaswamy Aiyar said that the officer will be more or less of the same status as the Chief Secretary.

**MR. K. KUNJUKRISHNA PILLAI** (*Quilon I*): He said that the question of status has not been settled yet. Even if the officer is to be of

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[Mr. K. Kunjukrishna Pillai.]

the status of the Chief Secretary, I do not think that will serve the purpose. The Financial Secretary must be an officer of such status as to command sufficient influence with the Government. He must be in a position to enforce policies. He must be a fit person for the post. Everything depends upon the choice of the person. If persons who have been discredited in other places are appointed merely to satisfy certain demands for office made by certain persons, it will be unfortunate. The House was demanding the improvement of the financial administration of the State to meet a necessity that is face to face with the country at present. If that demand is not satisfied by a wrong choice of that person, it will be unfortunate. I cannot say anything more than that. Government must consider the subject very well. Our revenue must increase. A man who is well acquainted with the economic condition of the State, who is well versed in finance, should be appointed as Financial Secretary. No other consideration should weigh with the Government except the ultimate interests of the country. The Government is more or less responsible to a democratic body like this. If Government want to launch on financial reforms, it is necessary for Government to convince a growing democracy, as we claim that we have in the State, that the Government are incurring only necessary expenditure and are not spending money uselessly. They should show that expenditure is reduced to the margin of efficiency. A far-sighted and learned man who understands finance should be appointed to carry on his duties which are very delicate indeed. I think this is a very important and delicate matter. Government should be very careful in making the appointment. It will be seen that, in our future relations with the Government of India, the functions of the Financial Secretary will be very important. He must be a person who will be able to discharge those serious and responsible functions faithfully and satisfactorily. To his charge will be committed the inauguration of policies which will have far-reaching effects which will be borne by generations yet unborn. I hope that no other consideration except the ultimate interest of the country will weigh with Government in making this choice. I wish to tell the Government that they should have furnished the House with more facts in regard to this. Government must give us more details, because we are here to help Government. We do realise that an officer of high standing will be necessary. This House will be the last body to object to expenditure on a necessary item.

These factors, I hope, the Government will very seriously consider; and no personal predilictions, no other considerations except the ultimate interest of the country should weigh with Government in making the choice. I wish to tell the Government that they must furnish more funds if necessary in connection with the establishment of this separate office. I also want the Government to take the House into their confidence. Sir, we are here to help the Government in all possible ways and sympathise with Government; and this House will be the last body which will object to expenditure on necessary items, provided Government exercise discretion wisely and in a patriotic way. This

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House will only welcome the separation of the two offices. And they will gladly sanction any expenditure to be incurred on this. I hope Government will think seriously over this matter and exercise their discretion with the sole object in view, *viz.*, the ultimate interest of the country at large. Sir, with these words, I support the motion brought forward by Mr. Thanu Pillai.

**MR. S. J. NAIR** (*Nedumangad*): Sir, I support the motion. The Government have pursued a right policy in seeing their way to establish a separate independent Financial Secretariat. But in this connection, I must submit a word of caution. It is no use imitating British India or any other country in the world in these matters. Sir, it is a cursed feature of our country that, in season and out of season, imitation and copying of ideas prevailing outside has become a practice. From a statement made by the Financial Secretary, I understand that Government intend separating finance from accounts and they are going to create an Account Officer as well as a Financial Secretary. I submit, Sir, that this is not a right policy. Sir, the Financial Secretary must be saddled with the work of the Account Officer also. But the auditing should be separated. The work of auditing is an important work. Sir, that work affects the people as well as the financial safety and security of the State very much. This is a very big question. I find that the time at my disposal will not permit me to discuss this question elaborately and in all its aspects. If I am permitted, I am prepared to satisfy that Finance and Account must go together and the work of Auditing must be taken away from the Account Officer, and that, by creating an Auditor-General independent of the Financial Secretary, Auditing must be separated from Finance and Accounts.

**DEPUTY PRESIDENT**: Please leave that alone and proceed.

**MR. S. J. NAIR** (*Nedumangad*): The work of the Financial Secretary as well as the Account Officer practically goes side by side and the work of auditing should be done separately. For that purpose, a separate Financial Secretary and a separate Auditor-General must be appointed. I beg to submit one word more, Sir, in this connection. Sir, there is no use in importing outsiders to the post of Financial Secretary when we have got the best man available, a gentleman with sufficient experience and wide knowledge about the various vexed and difficult questions concerning Finance and Accounts. It is always better for the good of the people as well as for the betterment of the State as well as to its finances, to see that persons who are in service and who are Travancoreans should alone be appointed in the new post to be created.

**MR. K. R. ELENKATH** (*Kalkulam I*): Sir, I rise to support the motion. The Financial Secretary says that the separation was intended with a view to the more efficient discharge of duties of the Account Officer and the Financial Secretary, for the betterment of the financial condition of the State. He would even advocate the appointment of three officers among whom may be divided the work of the present officer. I say that we could not take the word alone of the present Financial

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[Mr. K. R. Elenkath].

Secretary to justify the separation. Now, Sir, I have heard one of the most experienced financiers in the State, one who has been long connected with the Finance Department, saying that, if these two offices are bifurcated with only the present duties to be attended to, there will not be sufficient work for both. Now, Sir, in his speech the Financial Secretary has brought forward as the only reason for the separation of the Account branch and the Financial branch of the department and that is that the financial administration of the Government has been for a very long time going on in an antiquated way and that we have now reached a stage when we could consider this question of separation. Now, Sir, what are the expanding activities of the Finance Department, that will justify the separation? The only reference that he makes to point out the addition of work is the formation of the new Public Accounts Committee which has put additional work into the hands of the Financial Secretary. If that is the only reason for creating the separate offices, I cannot agree to the views of the member who delivered his budget speech. Now, Sir, the Financial Secretary in his speech does not show reasons why this lump sum of Rs. 15,000 allotted should be sanctioned by this House. He has not given any sufficient reason to convince the House of the necessity for sanctioning the Demand. Now, Sir, the Account Officer is a responsible officer of the State; and as one who wants to know the right view the House would take on such an important matter, has not brought forward the demand advancing sufficient reasons for the policy adopted and showing details of the allotment. He thought probably that the House would blindly sanction the allotment. He ought to have, before inviting the opinion of its members, approached this House with a request for leave being granted to bring forward such a demand. He should give them everything connected with the scheme and provide the members an opportunity to examine all sides of the question. To me it seems that this withholding of information or asking the demand without giving details of the scheme is an insult to this House. In view of the fact that we have not been able to follow what the Financial Secretary has in mind, we cannot with willingness grant this demand. Moreover from the statement of the Financial Secretary in his budget speech we cannot make anything out. He says, "While it is the duty of the Account Officer to watch the scrupulous observance of the rules and orders of the Government, the Financial Secretary is himself a part of the Government charged with the duty of advising them in the financial administration of the State." Now, Sir, this is a statement quite ambiguous and does not lead us to understand which is the superior Office, that of the Financial Secretary or of the Account Officer. Whether the Account Officer is to be the auditing officer also or is to be in charge of a section only is also kept in the dark. The above statement would convey the idea that the functions of the Account Officer, who is not a part of the administration, is inferior to

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that of the Financial Secretary. It may also mean the Account Officer is above the Financial Secretary and other heads of departments who are parts of the administration headed by the Dewan, while the Account Officer is to be independent of the Dewan and under the direct orders of H. H. the Maharajah. The respective positions have not been made clear in the speech of the Financial Secretary.

**MR. R. SAMBASIVA AIYAR** (*Kunnatnad II*) : Sir, as there are some other motions to be moved, I request you to give me permission to move a closure motion.

**DEPUTY PRESIDENT** : I invite the opinion of the Law Member as to whether a member who has already spoken can speak again on closure motion.

**MR. KAYALAM PARAMESVARAN PILLAI** (*Additional Head Sirkar Vakil*) : Mr. Sambasiva Aiyar, having already spoken, cannot speak again even on closure motion.

**MR. PACODE A. NARAYANA PILLAI** (*Vilavankod*) : Sir, here is a proposal by the Government for the separation of the Financial Secretary's duties from those of the Account Officer. In the speech of the Financial Secretary, some explanation was given on the necessity for such a separation. It is true, Sir, that this idea of the Government is a very excellent one. But this is one of those instances where our Government, though they do a right thing, unfortunately adopt wrong means for carrying out the idea they have in mind. Sir, instances are too numerous to mention when our Government, actuated by the best motives and with the best interests of the people in view, pitch upon a very good plan but in working out the details they go about adopting means which are questionable. Sir, the mover of the motion pointed out the necessity for elucidating the various essential points in connection with this question of separation. The salary of the officer concerned, the qualification of the officer, and the duties to be assigned to the Financial Secretary, these necessary points have to be elucidated; and Government should be in a position to satisfy this House before they can bring forward a demand like this. Sir, when these questions were put by various non-official members of this House with a view to get enlightened on these important points, it was a very blank reply that this House got. The details have not yet been very definitely settled. Sir, this idea of separation of the Financial Secretary's duties from those of the Account Officer must have been in the minds of the Government when the new budget was farmed. Sir, we are closing one financial year and we are budgetting for the new financial year which is about to begin. Sir, unless Government is in a position to tell this House that these important points were considered by Government, unless Government is in a position to satisfy this House with regard to these points, my view is that this House is not justified in voting a demand like this. I do realise, Sir, that finance is the most important pivot round which all the modern States revolve. In fact, the material welfare and well-being of the people of the State, especially in a modern



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progressive State like Travancore, require a separate Financial Secretariat in order to administer efficiently the finances of the State. Sir, the Account Officer is only a watch-dog of the Finance Department. He is only to spend the supplies voted for the various purposes and also to see that the rules and regulations laid down by the Government are duly observed by the officers responsible for carrying them out. But the duties of the Financial Secretary are of a different sort altogether. Of course, he ought to be a statesman with imagination and with sufficient broad vision able to chalk out new schemes, an officer who is in a position to tap new resources, and thereby enlarge the resources of the State, in short, he ought to be in a position to see in what way the resources at the disposal of Government must be spent. That is why I said that he must be in every way a statesman, a very competent administrator and not a mere subordinate officer to carry out the orders of his superiors. Sir, we were very anxious to ascertain various points with regard to the new officer—the Financial Secretary—but I am sorry to tell this House that we were very much disappointed by the replies given by the Financial Secretary. Under the circumstances, my view is that this House is fully justified in turning down this Demand by the Government. With these words, I support the motion.

**MR. EDAVANATT S. PADMANABHA MENON** (*Shertala I*): Sir, I move that the question be now put.

**MR. P. K. NARAYANA PILLAI** (*Ambalapuzha I*): Sir, I have the misfortune to differ from my friend Mr. Thanu Pillai and the other honourable members who supported the motion. So far as I was able to gather, the principle of separating the functions of the Financial Secretary from those of the Account Officer has been very readily conceded. My friend Mr. Pacode A. Narayana Pillai went the length of saying that it is an 'excellent idea'. The principle of separation having been accepted, the motion attempts to circumvent it on a ground which seems to me to be incomprehensible. The point of attack is about the officer to be appointed, his staff, its strength, and the qualifications of the hands to be appointed. These things have not been divulged and so the Government are supposed to be nurturing a cat in their bag or having a card up their sleeve. May I point out, Sir, that the scheme cannot be said to be mature at the present stage, for the very simple reason that the Government have not got the sanction of this House to consider the details for further development? It is only after this House grants the Demand, the Government can or need think out all the details in connection with the re-organisation or the separation of the Financial Department. So long as the Government have not got the money at their disposal, how can we blame the Government if they are somewhat nebulous on the point? They may have some vague notions about it. Government have not got any amount sanctioned: and till the amount is known, any speculation would

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be like counting the chickens before they are hatched. If we allow this amount, then it is quite reasonable that the Government should think about the details of the scheme.

**MR. K. R. ELENKATH** (*Kalkulam I*) : May I know from the member whether he wishes to know the details of the scheme before the sanction is given by the House ?

**MR. P. K. NARAYANA PILLAI** (*Ambalapuzha I*) I very much like to know if the information is forthcoming.

**MR. PACODE A. NARAYANA PILLAI** (*Vilavankod*) : May I know from the member when such schemes become mature, whether it is before or after sanction is given ?

**MR. P. K. NARAYANA PILLAI** (*Ambalapuzha I*) : After the money is sanctioned ; for, the amount available would have a direct bearing on the scheme.

**MR. R. SAMBASIVA AIYAR** (*Kunnatnad II*) : May I know from the member whether he has any objection to reduce Re. 1 and not the whole amount ?

**MR. P. K. NARAYANA PILLAI** (*Ambalapuzha I*) : I have serious objection to cut down Re. 1, without cause or reason.

So I am submitting that, if a new Department is to be organised without sanction being obtained from this House, it would be rather like putting the cart before the horse. That is the only point on which the demand is opposed. Therefore, I am sorry, I cannot vote against the demand. Mr. Thanu Pillai seems to suspect something at the hands of Government——

**MR. E. V. KRISHNA PILLAI** (*Pattanamtitta*) : Can we offer some suggestions for the Government ?

**MR. P. K. NARAYANA PILLAI** (*Ambalapuzha I*) : Occasionally, it is true, the ropes of a scheme are placed before us without revealing the man at the further end, in whose interest, the scheme is contrived. The scheme would then be a pretext.

**MR. A. THANU PILLAI** (*Trivandrum-Rural*) ; I may submit, for the information of my friend, that it is not charitable to take it that, whenever I object to a proposal from Government—

**MR. P. K. NARAYANA PILLAI** (*Ambalapuzha I*) : To me it seems to be so.

**MR. A. THANU PILLAI** (*Trivandrum-Rural*) : It is not that always—

**MR. P. K. NARAYANA PILLAI** (*Ambalapuzha I*) : It is open to me to suspect, as it is open to any one else. My friend should be charitable to allow me to draw my own conclusions.

**DEPUTY PRESIDENT** : This discussion is out of order because Mr. P. K. Narayana Pillai said that he did not convey any such idea.

**MR. P. K. NARAYANA PILLAI** (*Ambalapuzha I*) : Probably Mr. Thanu Pillai did not draw any such conclusions, as I suspected. But I am entitled to draw my conclusions which may not be well-founded. My friend must be charitable, however, to allow me to tell what I think.

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**MR. E. V. KRISHNA PILLAI** (*Pattanamtitta*) : Can we offer suggestions for the benefit of Government in the matter of making appointments ?

**MR. P. K. NARAYANA PILLAI** (*Ambalapuzha I*) : Certainly.

**DEPUTY PRESIDENT** : That question does not arise because it is so well known. Members can certainly do that.

**RAO SAHIB DR. N. KUNJAN PILLAI** (*Chief Secretary to Government*) : Sir, I just want to make one or two observations on this motion. As Mr. P. K. Narayana Pillai pointed out, it has been conceded by all the speakers that there is necessity for the separation of finance from accounts. Not only this House but the previous Legislative Council and the Sri Mulam Popular Assembly expressed, I believe, the view that it was absolutely necessary in the interests and for the efficiency of administration that the functions of the Account Officer should be separated from those of the Financial Secretary. True, the Government have not been able to give effect to this suggestion till now. But the Goverment thought that the time has now come for effecting this separation ; and they have accordingly made a lump sum provision for the purpose in the budget. Sir, the objections raised against the grant are based on the fact that the Government have not settled the details of the separation scheme. The status, the qualifications and the salary of the officer to be appointed have not been fixed and hence all the details are not available. The only point that has been decided is that these two offices should be separated. The necessity for separation has been urged by this House and the previous Council and the Assembly and the Government have decided to make the separation. How this separation is going to be effected, what the status of the officer to be appointed is, what his qualifications should be and what his pay should be—these are all matters of details which have yet to be worked out. If the House will agree that there is necessity for separation, I think that the Honourable Members may take it that the Government will give their best consideration to all the suggestions thrown out in the course of this discussion and give effect to the separation in the best interests of the Government and the public. One thing which the Financial Secretary has made clear in his speech is that the new officer will be an independent officer directly responsible to the Dewan.

**MR. A. THANU PILLAI** (*Trivandrum—Rural*) : Is not the present Financial Secretary directly responsible to the Dewan ?

**RAO SAHIB DR. N. KUNJAN PILLAI** (*Chief Secretary to Government*): Yes, he is. But hereafter the Financial Secretary will be a separate officer and independent of the Account Officer. He will be directly responsible to the Dewan. The question of salary, qualifications and the status are all matters which have to be considered very carefully and decided. All that the Government are now asking the House to do is to vote this lump allotment so that the idea of separation may be given effect to. Probably before the House meets again at the next session, all the details will have been worked out and the House will then be in a position to see what those details are.

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**MR. A. THANU PILLAI** (*Trivandrum—Rural*) ; May I know what objection there was in postponing the matter now and asking for this amount after the scheme has been matured at the next session of the Assembly ?

**RAO SAHIB DR. N. KUNJAN PILLAI** (*Chief Secretary to Government*) : Government thought it advisable to make provision for this new officer in the general budget itself. Of course, there is nothing that prevents the Government from coming to the House at a later stage and asking for a supplementary grant. But Government thought that it would be an advantage to include the item in the budget and place it before the House.

**MR. S. CHATTANATHA KARAYALAR** (*Shencotta*) : May I know from the member whether the separation can be effected before the next session of the Assembly ?

**RAO SAHIB DR. N. KUNJAN PILLAI** (*Chief Secretary to Government*) : I cannot say. The matter has to be carefully considered. It may be possible to give effect to the separation before the next session of the Assembly. All that I say is that Government have decided upon separation, but further details have not been worked out. Government will give their best consideration to the suggestions made in this House and make the appointment only in the best interests of the country and the Government.

**MR. A. THANU PILLAI** (*Trivandrum—Rural*) : I am really sorry that I gave notice of this token motion. I should have attempted to omit the whole allotment. This is a glaring instance of the fact that lump provision should by no means be allowed. I thought that Government would have a general scheme to place before the House, though the details had not been worked out. That is why I did not give notice of another for the omission of the whole amount. However, many points have been raised. All that Mr. P. K. Narayana Pillai said was that only after the amount was sanctioned could Government work out the scheme. I am very glad that the Government Bench did not put forward that contention. So far as my experience goes, that argument stands self-condemned.

**MR. M. SIVATANU PILLAI** (*Tovala*) : Are there not cases in which Government say that such schemes have been brought up after full consideration so that the members may develop their arguments ?

**MR. A. THANU PILLAI** (*Trivandrum-Rural*) : In that case we can discuss the scheme fully.

All that the Government members are able to tell us is that Government have decided upon the question of division, but they have not decided as to the duties of the Financial Secretary or the kind of other work the officer has to discharge or the qualification or the salary of the Officer. Under these circumstances, I am sorry, I cannot agree with the Government at all in making the allotment.

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[Mr. A. Thanu Pillai.]

I would make one or two suggestions seeing that it is only a token motion and that the amount is going to be allowed. I would suggest that, if an officer of high status, meaning thereby also an officer carrying a high salary, is going to be appointed, I would particularly emphasise the fact that, whether the officer is from here or from outside, the appointment should be only for a year or two; because if we find that that officer, in spite of his pay and qualifications, is not able to do substantial work for the State, Government should be in a position to dispense with his services. Government should take care not to appoint an officer permanently on Rs 1,000 or Rs 1,500. If he is only an officer of the status of a Secretary to Government or of the Financial Secretary, he may be absorbed in our service in case he is found unfit and a more qualified and better man may be put in.

After all, seeing that the idea now is to relieve the Account Officer of his heavy work, Government may decide upon some officer from their service, that is to say, he may be officer of the status of a Secretary to Government. If so, no doubt there may be some relief given to the Account Officer, but by that, the State is not going to be benefitted and it would merely add to the number of our officers. Anyhow, I must really condemn the attitude of the Government in bringing forward a proposal like this without giving us at least a rough idea as to the details of the matter. So I press my motion.

MR. C. S. KRISHNASVAMY AIYAR (*Ag. Financial Secretary to Government*) : Sir, the Chief Secretary has already stated to the House the necessity for the change and if it is granted that the change is really necessary, it should be well that it is soon given effect to instead of waiting for the provision being made in another session of the Assembly. Generally in regard to such proposals, it is better to bring them into effect at the beginning of a new financial year, since the several functions may have to be re-adjusted by Kanni or so, *i. e.*, as soon as one year's accounts are prepared and a new year's accounts taken up. It would be easier to give effect to any changes then. There will be some confusion on the other hand in case a scheme is introduced at the middle of a year. If the provision now asked for is granted, it would be possible to give effect to the proposals commencing from the accounts of the ensuing year.

My friend Mr. Thanu Pillai suggested that the arrangement might be tentative. But provided the grant is given for a necessary and wholesome reform that has been kept back so long for reasons I do not wish now to state fully to the House. I fail to see why such a reform which should be considered as an experiment and effect why should not be given effect to it, as early as possible, in the interests of the Government as well as the public, I would only submit the matter for the consideration of the House.

The motion was put to vote and lost.

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**Motions Nos. 514 and 515.**

The following identical motions were not moved :—

MR. R. SAMBASIVA AIYAR ;

514. To reduce the allotment of Rs. 15,000 as lump provision for the organisation of a separate Financial Secretariat by Re. 1.

MR. K. P. KRISHNA MENON ;

515. To reduce the allotment of Rs. 15,000 as lump provision for the organisation of a separate Financial Secretariat by Re. 1.

**Motion No. 516.**

The following motion was ruled out of order being identical with the foregoing motions:—

MR. S. THIRAVIAM NADAR ;

516. To reduce the total allotment of Rs. 1,84,981 under Demand VI by Rs. 10.

**Motion No. 517.**

**MR. R. SAMBASIVA AIYAR** (*Kunnatnad II*) : Sir, I move that the total allotment of Rs. 1,84,981 under Demand VI be reduced by Re. 1. Sir, my object in moving this motion is to point out the urgent necessity of raising a sufficiently large amount as loan so that the financial position of the Government might continue sound, and the capital works might be financed. The financial policy, Sir, so far pursued by the Government has not been sound. In fact, it is admitted in the speech of the Financial Secretary himself that it has been the policy of Government so far to finance capital works from the actual revenue surpluses and a raid has also been made on the Railway Sinking Fund for the purpose. In the case of capital undertakings, whether the undertakings be remunerative or non-remunerative in character, the well-accepted principle of public finance is that the burden of paying for the work should be spread over as large a number of years as possible so that persons who benefit by the scheme would also be bound to pay to some extent at any rate for the works. It is not advisable to utilise the accumulated revenue surpluses for financing capital undertakings. These revenue surpluses are intended, in the words of the Financial Secretary himself, for being given to the tax-payer in the shape of social amenities and nation-building activities.

**DEPUTY PRESIDENT :** The time allotted for this Demand is over. I put the demand to the vote of the House.

**Motions Nos. 518 to 520.**

The following motions lapsed for want of time.

MR. K. A. NARAYANA PILLAI ;

518. To reduce the total allotment of Rs. 1,84,981 under Demand by Re. 1.

MR. PACODE A. NARAYANA PILLAI ;

519. To reduce the total allotment of Rs. 1,84,981 under Demand VI by Re. 1.

MR. S NILAKANTA PILLAI ;

520. To reduce the total allotment of Rs. 1,93,381 under Demand VI by Re. 1.

Demand No. VI for Rs. 1,84,981 was put to the vote and the grant made.

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